

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.



A280-3449
C39
Conf. 2

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
DECEMBER 1968

Volume 13

Number 5

Released Pursuant to §1090.27(j) and §1090.85, USDA, AMS
Federal Order No. 90, 112 Lec Parkway Drive, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

U. S. DEPT. OF AGRICULTURE
NATIONAL MEDICINICAL LIBRARY
APR 4 - 1969
CURRENT SERIAL RECORDS

MARKET SUMMARY - DECEMBER 1968

The Chattanooga Order MINIMUM uniform producer price is \$6.03 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5% test. This is a price increase of 38 cents above December 1967 Order producer price.

In December 1968, 73.1% of the producer milk received by pool plants was priced in Class I at \$6.72 per cwt. and 26.9% was priced in Class II at \$4.30 per cwt. The December butterfat differential for Class I was 8.0 cents and Class II was 7.9 cents.

Total producer milk received during December 1968 was 22,314,209 pounds which is an increase of 4,184,128 pounds or 23.1% compared with December 1967. The December daily average deliveries per farm from 619 producers was 1,163 pounds. This compares to 548 farms delivering a daily average of 1,067 pounds per day during December 1967.

Tro-Fc Dairy Company (Beatrice Foods), Gadsden, Alabama, based upon reports filed with the Market Administrator, qualified as a pool plant for November 1968 under the Federal Milk Order regulating the handling of milk in the Chattanooga, Tennessee marketing area. In accordance with Section 1090.27(f) of the Order, public disclosure is hereby made that as of January 10, 1969 Tro-Fc Dairy Company, Gadsden, Alabama, had not made the equalization pool payment due the Producer-Settlement Fund under Section 1090.82 for November 1968. This payment was due December 12, 1968.

* * * * *

DAIRY PRICE ACTIONS

Secretary of Agriculture Freeman announced on December 26, 1968 two actions to maintain dairy farmer's income during the 1969-70 marketing year.

The present Class I price levels under the Federal Milk Orders will be continued after April 1969, when the temporary 20 cent increase in the Class I price differentials and the basic formula price floors were due to expire. Under the Chattanooga Federal Milk Order these actions, in effect, make permanent a Class I price differential of \$1.95 and a basic formula price floor of \$4.33.

The support price for manufacturing milk was announced for the marketing year which begins April 1, 1969 at \$4.28 per hundredweight for milk of average butterfat content (approximately 3.7 percent). This is 87 percent of the latest parity equivalent price published in late November. The law provides for support at prices between 75 and 90 percent of parity as of the beginning of the marketing year.

The Secretary said, "The improvement in dairy prices received by farmers in 1968 helped to moderate the decline in total milk production. With an improvement in consumption in market channels, price support purchases of dairy products so far in this marketing year have been substantially smaller than a year earlier. Dairy farmers need assurance now that their incomes will be maintained so that they can plan their dairy operations. The actions announced today also will assure an adequate supply of milk and dairy products for consumers."

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Dec. '68 over Dec. '67	Dec. 1968 18	Nov. 1968 17	Dec. 1967 9
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 23.1	719,813	885,420	584,841
Other Source	+ 210.7	66,121	88,106	21,278
Other Federal Orders	+ 88.1	217,785	246,104	115,794
TOTAL MILK RECEIPTS	+ 39.0	1,003,719	1,219,630	721,913
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 2.5	375,167	558,687	366,011
Skim - Regular	+ 9.6	19,475	26,508	17,770
Skim - 2% Milk	+ 81.5	66,545	69,655	36,670
Buttermilk	+ 6.9	44,138	66,352	41,301
Flavored Milk and Drink	+ 16.3	13,368	24,703	11,491
Creams (Sweet and Sour)	+ 1.4	3,735	4,266	3,685
Sub-Total - Pkg. Products (Pool Plants)	+ 9.5	522,428	750,171	476,928
Other (Shrinkage, Inventory, etc.)		3,472	(6,655)	19,172
Sales to Non-Pool Plants		131,710	167,128	37,515
In-Area Sales by Non-Pool Plants		53,945	28,079	1,916
TOTAL CLASS I MILK	+ 32.9	711,555	938,723	535,531
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 3.7	28,245	41,632	27,242
Cottage Cheese	- 7.3	26,428	42,134	28,506
Powdered and Condensed Milk		36,755	11,619	70,758
Livestock Feed and Milk Dumped		7,167	9,356	6,010
Sub-Total - Used to Produce	- 25.6	98,595	104,741	132,516
Shrinkage Class II		13,067	17,976	11,401
Other (Inventory Variation, etc.)		17,889	16,433	14,897
Bulk Sales to Non-Pool Plants		162,613	141,757	27,568
TOTAL CLASS II MILK	+ 56.8	292,164	280,907	186,382
Class I Pkg. Lbs. in Area - Pool Plants	+ 52.9	436,355	496,535	285,421
Class I Pkg. Lbs. Out of Area - Pool Plants	- 55.1	86,073	253,636	191,507
Class I Pkg. Lbs. in Area - Non-Pool Plants		53,945	28,079	1,916
% Producer Milk of Gross Class I		101.2	94.3	109.2
% Producer Milk Priced in Class I		73.1	82.1	78.0

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$ 1090.51(a) Amended</u>	<u>Jan. '69</u>	<u>Dec. '68</u>	<u>Jan. '68</u>
Basic Formula 1/	\$4.33	\$4.33	\$4.05
Plus Class I Differential	1.95	1.95	1.95
Supply-Demand Adjustment	0.44	0.44	0.20
Class I Price, 3.5% Butterfat	\$6.72	\$6.72	\$6.20

JANUARY 1969

Supply-Demand Comparison: 2nd and 3rd preceding months: October and November	
Supply: Lbs. Producer Milk (Oct. 22,464,285 and Nov. 26,562,608)	49,026,893
Demand: Lbs. Net Class I Milk (Oct. 25,558,641 and Nov. 27,766,494)	53,325,135
Utilization Percentage: Producer milk divided by Class I	92
Standard Utilization Percentage: Range 114-118	114
Net Deviation Percentage: Utilization minus Standard Utilization	Minus 22
Supply-Demand Adjustment: 2 cents x 22 percentage points	Plus \$0.44

1/ Basic Formula "Floor" per Order Amendments.

COMPUTATION OF PRODUCER UNIFORM PRICE

Page 3

DECEMBER 1968	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		22,058,207	3.481		
Less Other Source		5,737,620	3.370		
Producer Milk Class I	73.1	16,320,587	3.520094	\$6.736075	\$1,099,366.98
Gross Class II		9,057,092	5.318		
Less Other Source		3,063,470	4.191		
Producer Milk Class II	26.9	5,993,622	5.894566	6.191707	371,107.51
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	22,314,209	4.157880		\$1,470,474.49
Add Fractional Adjustment					.09
Add Value of Overage					332.61
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		340,980			15,729.62
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					0.00
TOTAL VALUE AT TEST		22,655,189	4.108339	\$6.561573	\$1,486,536.81
Less Test over 3.5% @ 8.0¢ per point		22,655,189	0.608339	.486671	110,256.23
TOTAL UTILIZATION VALUE AT 3.5%		22,655,189	3.5	\$6.074902	\$1,376,280.58
Less Producer-Settlement Fund Reserve		22,655,189		.044902	10,172.63
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		22,655,189	3.5	\$6.03	\$1,366,107.95

DECEMBER 1968 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS

BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$5.63	3.6	\$6.11	4.2	\$6.59	4.8	\$7.07	5.4	\$7.55
3.05	5.67	3.65	6.15	4.25	6.63	4.85	7.11	5.45	7.59
3.1	5.71	3.7	6.19	4.3	6.67	4.9	7.15	5.5	7.63
3.15	5.75	3.75	6.23	4.35	6.71	4.95	7.19	5.55	7.67
3.2	5.79	3.8	6.27	4.4	6.75	5.0	7.23	5.6	7.71
3.25	5.83	3.85	6.31	4.45	6.79	5.05	7.27	5.65	7.75
3.3	5.87	3.9	6.35	4.5	6.83	5.1	7.31	5.7	7.79
3.35	5.91	3.95	6.39	4.55	6.87	5.15	7.35	5.75	7.83
3.4	5.95	4.0	6.43	4.6	6.91	5.2	7.39	5.8	7.87
3.45	5.99	4.05	6.47	4.65	6.95	5.25	7.43	5.85	7.91
3.5	6.03	4.1	6.51	4.7	6.99	5.3	7.47	5.9	7.95
3.55	6.07	4.15	6.55	4.75	7.03	5.35	7.51	5.95	7.99

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION

January thru December

1968	Producer Milk	240,414,244 lbs. up 12.0% from 1967
1967	Producer Milk	214,583,482 lbs.
1968	Gross Class I	240,360,298 lbs. up 28.6% from 1967
1967	Gross Class I	186,846,781 lbs.
1968	Gross Class II	80,573,637 lbs. up 33.0% from 1967
1967	Gross Class II	60,599,057 lbs.

(Million Pounds)

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Dec.'67	\$5.65	-	-	8.4¢	\$6.14	8.6¢	\$4.04	7.8¢
Jan.'68	5.73	-	-	8.4	6.20	8.8	4.01	7.6
Feb.	5.77	-	-	8.4	6.20	8.6	4.00	7.6
Mar.	5.68 ^{2/}	\$5.81	\$3.98	8.2	6.20	8.6	4.02	7.6
Apr.	5.67 ^{2/}	5.89	4.14	8.2	6.28	8.6	4.18	7.6
May	5.90 ^{2/}	6.14	4.15	8.2	6.56	8.6	4.19	7.6
June	5.79 ^{2/}	5.96	4.14	8.2	6.44	8.6	4.18	7.6
July	5.97 ^{2/}	6.15	4.14	8.2	6.52	8.6	4.18	7.6
Aug.	6.22	-	-	8.0	6.62	8.0	4.20	7.7
Sept.	6.16	-	-	8.0	6.70	8.0	4.23	7.9
Oct.	6.31	-	-	8.0	6.68	8.2	4.28	7.7
Nov.	6.22	-	-	8.0	6.62	8.1	4.27	7.7
Dec.	6.03	-	-	8.0	6.72	8.0	4.30	7.9
Jan.'69	-	-	-	-	6.72	8.2	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi.92° Butter	Minn/Wisc Mfg. Milk	Chi.Area Powder	Basic Formula ^{4/}	Class I		Class II	
	¢ Lb.	\$-cwt-3.5%	¢ Lb.	\$-cwt-3.5%	Pounds	Test-%	Pounds	Test-%
Dec.'67	67.69	4.04	19.46	4.05	456,371	3.49	128,470	6.37
Jan.'68	66.44	4.01	19.42	4.05	476,833	3.58	111,321	6.73
Feb.	66.44	4.00	19.46	4.05	486,051	3.55	102,520	6.64
Mar.	66.44	4.02	19.49	4.05	463,722	3.48	133,332	5.80
Apr.	66.44	4.18	21.96	4.33	474,081	3.44	179,918	4.95
May	66.44	4.19	22.62	4.33	467,606	3.45	171,375	4.85
June	66.44	4.18	22.54	4.33	432,917	3.40	167,462	4.93
July	66.43	4.18	22.77	4.33	439,957	3.40	130,640	5.06
Aug.	66.59	4.20	22.90	4.33	504,464	3.40	96,996	5.47
Sept.	68.54	4.23	22.91	4.33	561,274	3.45	155,047	5.07
Oct.	67.29	4.28	22.95	4.33	617,813	3.59	106,841	6.20
Nov.	66.79	4.27	22.75	4.33	727,083	3.49	158,337	6.39
Dec.	68.73	4.30	22.73	4.33	526,471	3.52	193,342	5.89

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
Dec.'67	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-
Jan.'68	9	729,565	562,990	546	588,154	-	4.18	1,077	-	-
Feb.	10	745,749	579,909	541	588,571	-	4.08	1,088	-	-
Mar.	11	763,766	556,510	539	597,054	553,510	3.99	1,108	1,027	81
Apr.	11	804,063	531,929	536	653,999	574,609	3.85	1,220	1,072	148
May	11	805,968	533,685	535	638,981	563,280	3.82	1,194	1,053	141
June	11	798,670	533,671	537	600,379	546,005	3.82	1,118	1,017	101
July	10	758,105	563,764	535	570,597	519,550	3.78	1,067	971	96
Aug.	17	855,075	708,065	541	601,460	-	3.73	1,112	-	-
Sept.	17	1,014,868	786,828	620	716,321	-	3.80	1,155	-	-
Oct.	17	1,025,424	873,378	619	724,654	-	3.98	1,171	-	-
Nov.	17	1,219,630	938,723	721	885,420	-	4.01	1,228	-	-
Dec.	18	1,003,719	711,555	619	719,813	-	4.16	1,163	-	-

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I^{4/} Basic Formula "floor" per Order Amendments